

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature 	Printed Name		License Number	

Downriver Recreation Commission

Financial Report
with Supplemental Information
June 30, 2006

Downriver Recreation Commission

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Independent Auditor's Report

To the Board Members
Downriver Recreation Commission
Algonac, Michigan

We have audited the basic financial statements of Downriver Recreation Commission (the "Commission") as of June 30, 2006 and for the year then ended, as listed in the table of contents. These basic financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Downriver Recreation Commission at June 30, 2006 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of Downriver Recreation Commission. This information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

Plante & Moran, PLLC

July 14, 2006



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Downriver Recreation Commission

Governmental Fund Balance Sheet/Statement of Net Assets June 30, 2006

	General Fund - Modified Accrual Basis	Adjustments	Statement of Net Assets - Full Accrual Basis
Assets - Cash and cash equivalents (Note 2)	<u>\$ 21,290</u>	\$ -	\$ 21,290
Liabilities - Accrued liabilities	\$ 2,297	-	2,297
Fund Balance - Unreserved/Undesignated	<u>18,993</u>	<u>(18,993)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 21,290</u>		
Net Assets - Unrestricted		<u>\$ 18,993</u>	<u>\$ 18,993</u>

Downriver Recreation Commission

Statement of Governmental Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities Year Ended June 30, 2006

	General Fund - Modified Accrual Basis	Adjustments	Statement of Activities - Full Accrual Basis
Revenue			
Recreation fees	\$ 30,419	\$ -	\$ 30,419
Ticket sales	8,050	-	8,050
Intergovernmental revenue:			
Township of Clay	41,250	-	41,250
City of Algonac	41,250	-	41,250
Donations	4,633	-	4,633
Interest	255	-	255
Other income	678	-	678
Total revenue	126,535	-	126,535
Expenditures			
Recreation coordinator	35,036	-	35,036
Summer staff	15,293	-	15,293
Insurance	3,050	-	3,050
Fringe benefits	16,352	-	16,352
Travel and conference	1,115	-	1,115
Telephone	421	-	421
Payroll service	445	-	445
Supplies and publicity	6,580	-	6,580
Class instruction	19,521	-	19,521
Other sports and activities	5,114	-	5,114
Special events	935	-	935
Crafts and field	976	-	976
Concerts	3,675	-	3,675
Cost of tickets	6,237	-	6,237
Audit	910	-	-
Equipment	133	-	133
Total expenditures	115,793	-	114,883
Excess of Revenues Over Expenditures/Change in Net Assets	10,742	-	10,742
Fund Balance/Net Assets - Beginning of year	8,251	-	8,251
Fund Balance/Net Assets - End of year	<u>\$ 18,993</u>	<u>\$ -</u>	<u>\$ 18,993</u>

Downriver Recreation Commission

Notes to Financial Statements June 30, 2006

Note I - Summary of Significant Accounting Policies

The accounting policies of Downriver Recreation Commission (the "Commission") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity

Downriver Recreation Commission is the recreational policy-making authority for the City of Algonac, the Township of Clay, and the Algonac Community School District. The primary organizational goal is to meet residential recreational needs to the greatest extent possible during all seasons of the year, for all age groups and for both sexes.

The Commission is governed by a nine-member commission. The City of Algonac, the Township of Clay, and the Algonac Community School District each appoint three members to the Commission. There are no component units that are required to be included in this reporting entity.

During the year ended June 30, 2006, the City of Algonac expressed its intent to withdraw from the Commission effective July 1, 2007. Annual funding from the City of Algonac is approximately \$41,000.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Commission's basic financial statements include both the Commission's full accrual financial statements and modified accrual financial statements.

Full Accrual Financial Statements

The full accrual financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets includes and recognizes all long-term assets and receivables.

Downriver Recreation Commission

Notes to Financial Statements June 30, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

Fixed Assets - The Commission's annual capital acquisitions are insignificant and are therefore not capitalized on the full accrual financial statements.

Modified Accrual Financial Statements

The modified accrual financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Normally, expenditures are not divided between years by the recording of prepaid expenses.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Deposits

Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Commission is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Commission has designated one bank for the deposits of its funds. The investment policy adopted by the Commission in accordance with Public Act 196 of 1997 is in accordance with the state statutory authority as listed above.

Downriver Recreation Commission

Notes to Financial Statements June 30, 2006

Note 2 - Deposits (Continued)

At year end, the cash and cash equivalents reported in the basic financial statements consist entirely of deposits in the form of checking accounts. The Commission's deposits are subject to custodial credit risk, which is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. At year end, the Commission's deposits were reflected in the accounts of the bank at \$27,559 (without recognition of checks written but not yet cleared or of deposits in transit) and were covered entirely by federal depository insurance. The Commission does not have a deposit policy for custodial credit risk.

Note 3 - Budget Information

The annual budget is prepared by the Commission's treasurer and adopted by the Commission's board; subsequent amendments are approved by the board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2006 has not been calculated. During the current year, the budget was amended in a legally permissible manner. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America and adopted at the activity level (as shown in the required supplemental information budgetary comparison schedule - General Fund). During the year, the Commission did not incur significant expenditures that were in excess of the amounts budgeted.

Note 4 - Risk Management

The Commission is exposed to various risks of loss related to property loss, torts, and errors and omissions. The Commission participates in the state pool program of the Michigan Municipal Risk Management Authority (the "Authority") for claims relating to property loss, torts, and errors and omissions. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. The Commission is covered under the City of Algonac's workers' compensation insurance plan.

The state pool program of the Michigan Municipal Risk Management Authority risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the Authority itself.

Required Supplemental Information

Downriver Recreation Commission

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2006

	Original and Amended Budget	Actual	Variance with Amended Budget
Revenue			
Recreation fees	\$ 48,000	\$ 30,419	\$ (17,581)
Ticket sales	8,000	8,050	50
Intergovernmental revenue:			
Township of Clay	41,250	41,250	-
City of Algonac	41,250	41,250	-
Skate park contributions	1,000	-	(1,000)
Grant income	2,135	-	(2,135)
Donations	1,300	4,633	3,333
Interest	500	255	(245)
Other income	1,200	678	(522)
Total revenue	144,635	126,535	(18,100)
Expenditures			
Recreation coordinator	38,000	35,036	2,964
Summer staff	25,000	15,293	9,707
Insurance	3,325	3,050	275
Fringe benefits	20,000	16,352	3,648
Travel and conference	1,000	1,115	(115)
Telephone	500	421	79
Payroll service	500	445	55
Supplies and publicity	8,150	6,580	1,570
Class instruction	19,200	19,521	(321)
Other sports and activities	14,000	5,114	8,886
Special events	1,000	935	65
Crafts and field	1,000	976	24
Concerts	3,500	3,675	(175)
Cost of tickets	8,000	6,237	1,763
Audit	960	910	50
Equipment	200	133	67
Skate park maintenance	300	-	300
Total expenditures	144,635	115,793	28,842
Excess of Revenue Over Expenditures	-	10,742	10,742
Fund Balance - Beginning of year	8,251	8,251	-
Fund Balance - End of year	<u>\$ 8,251</u>	<u>\$ 18,993</u>	<u>\$ 10,742</u>